

# LYNCHBURG CITY COUNCIL

## Agenda Item Summary

MEETING DATE: **February 22, 2005, Work Session**

AGENDA ITEM NO.: 5

CONSENT:

REGULAR: **X**

CLOSED SESSION:

(Confidential)

ACTION:

INFORMATION: **X**

ITEM TITLE: **Water and Sewer Rate Study**

RECOMMENDATION: Proceed to a public hearing on March 8, 2005 regarding the recommendations to increase the water and sewer rates and fees as proposed in the attached Rate Study report.

SUMMARY: Attached are the Annual Water and Sewer Rate Study prepared by Utilities' staff and the accompanying Water and Sewer Financial Projections prepared by the City's rate consultant, P.J. Sun, LLC with assistance from Utilities' staff.

The Rate Study includes the following:

1. Water and sewer rate history and Median Household Income (MHI) projections;
2. Water and sewer fund budgets including activity cost and performance data.

The Financial Projections include the following:

1. Water and sewer fund key assumptions;
2. Water and sewer capital financing plans;
3. Water and sewer operating fund and budget projections;
4. Revenue projections.

The utility rate strategy developed for this year continues with the goals to:

1. Minimize the impact of rate adjustments on customers;
2. Ensure necessary funding is provided for increases in operating and debt service costs;
3. Ensure compliance with the Combined Sewer Overflow (CSO) Special Order;
4. Ensure compliance with adopted Fund Balance and Debt Management Financial Policies.

PRIOR ACTION(S): N/A

FISCAL IMPACT: Increase revenues in the Water and Sewer Funds to meet existing operating and capital needs and maintain compliance with the CSO Special Order.

<u>CONTACT(S):</u>	Tim Mitchell, Director of Utilities	455-4252
	Michael Hill, Director of Finance	455-4218
	Leti Vance, Accountant III	455-4253

ATTACHMENT(S):

**Attachments can be viewed in the Office of the Clerk of Council  
900 Church Street, 3<sup>rd</sup> Floor Council Manager Offices, Lynchburg, VA**  
**Water and Sewer Rate Study, prepared by Utilities' staff**  
**Water and Sewer Financial Projections, prepared by P.J. Sun, LLC**

REVIEWED BY: lkp